

Spotlight: National Food Spending

Spending for Food Increased Almost 4 Percent in 1997

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Food spending in the United States rose 3.9 percent to \$714.9 billion between 1996 and 1997 (table 1). Total expenditures for eating out (food away from home) also rose 3.9 percent, to \$320.3 billion in 1997. This increase is higher than the 2.8-percent rise in 1996. Retail food expenditures (food at home) also increased at a slightly higher pace than in 1996, up 3.8 percent to \$394.6 billion. Once adjusted for inflation, which was a low 2.3 percent in 1997, total food spending rose 3.5 percent in 1997—food at home was up 3.8 percent and food away from home rose 2.9 percent.

Also in 1997 (table 1), there was a significant increase in food donations, with the amount from food-stores, farmers, manufacturers, and wholesalers up 2.8 percent from 1996, while supplies and food donated from eating and drinking places increased 3.2 percent.

The slower real (inflation-adjusted) growth for food away from home than for food at home in 1997 is unusual in a nonrecessionary year. During the 1990-91 recession, for example, real spending on food

away from home declined 0.4 percent, while spending for food at home rose 1.3 percent. One of the ways people economized during the recession was by eating out less often or by going to less expensive places. The share of total food dollars spent away from home declined from 44.7 percent in 1989 to 44.1 percent in 1991, reflecting the economic slowdown and the subsequent recession.

But with the subsequent economic recovery came increased spending on food away from home. In 1992, 1993, and 1995, spending for food away from home rose faster than that for food at home (in 1994, spending for both categories increased at the same rate). By 1995, spending for food away from home had reached new highs—46 percent of food expenditures and 35 percent of food quantities.

In 1997, the share of food dollars spent away from home dipped slightly to 44.8 percent. However, that may not show the complete picture. Counted in at-home food expenditures is the latest trend in foodservice—Home Meal Replacement (HMR), or meal solutions. Supermarkets are exploring HMR, which are fully or partially prepared foods, to compete with their fast-food and restaurant rivals.

HMR's main competition may be "meal deals." Made popular by fast-food establishments after the 1990-91 recession, meal deals are a combination of food and beverage items (such as hamburger, french fries, and soda) sold below the price of each item being purchased separately. For the first time in 22 years, meal deals available from restaurants and fast-food establishments are on the decline. According to a 1997 study, *Consumer Reports on Eating Share Trends*, only 27 percent of restaurant purchases were on a meal deal basis, while fast-food meal deals fell to 30 percent of all fast-food meals purchased in 1997.

Preliminary figures on total food sales (a beginning point for estimating food spending) in 1998 show spending for food at home up 1.7 percent from the same period in 1997 and spending for food away from home up 1.0 percent. Food sales exclude donations and food furnished to employees, patients, and inmates—all of which are included in the total food expenditures reported above. Inflation-adjusted food sales from 1997 to 1998 decreased 0.1 percent for food at home, while sales for food away from home fell 1.5 percent.

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Table 1
Food Spending Rose 3.9 Percent in 1997

Expenditures	1993	1994	1995	1996	1997	Change, 1996-97
	Billion dollars					Percent
Total food and beverages ¹	693.5	723.9	750.2	779.2	809.4	3.9
Total food (excluding alcohol)	610.6	638.8	663.0	688.3	714.9	3.9
At-home food	332.1	349.1	364.7	380.1	394.6	3.8
Sales	325.3	341.9	357.6	372.9	387.2	3.8
Home production and donations	6.8	7.2	7.1	7.2	7.4	2.8
Away-from-home food	278.5	289.7	298.3	308.2	320.3	3.9
Sales	252.8	263.2	271.2	280.3	291.4	4.0
Supplied and donated ²	25.7	26.5	27.2	27.9	28.8	3.2
Alcoholic beverages	82.9	85.1	87.2	90.9	94.5	4.0
Packaged	46.0	47.6	48.2	50.1	51.9	3.6
Drinks	36.9	37.5	39.0	40.8	42.6	4.4

Notes: Data may not total due to rounding. ¹Includes all food and alcoholic beverages, regardless of who paid for them. ²Includes government subsidies for school lunch programs. Source: Data are from USDA's Economic Research Service.

Table 2
Rise in Personal Food Expenditures Lower Than Increase in Disposable Personal Income¹

Component	1995	1996	1997	Change, 1996-97
	Billion dollars			Percent
Disposable personal income	5,355.7	5,608.3	5,885.2	4.9
Total personal consumption expenditures	4,957.7	5,207.6	5,485.8	5.3
Food	583.1	606.2	629.4	3.8
At home	360.4	376.0	390.3	3.8
Away from home	222.6	230.1	239.1	3.9
Alcoholic beverages	73.2	76.2	79.2	3.9
At home	48.2	50.1	51.9	3.6
Away from home	25.0	26.1	27.3	4.6
Nonfood	4,613.2	4,850.2	5,114.6	5.5
Housing, household supplies, fuel, furniture	1,382.6	1,451.9	1,521.1	4.8
Transportation, cars, gasoline	572.3	602.3	624.3	3.7
Medical care, drugs	858.5	899.0	952.2	5.9
Clothing, shoes, toiletries, personal care, jewelry	356.0	370.3	388.0	4.8
Recreation, tobacco, toys, sporting goods, pet food	304.5	326.4	354.6	8.6
Personal business	389.1	421.1	465.0	10.4
Other	344.5	357.4	371.2	3.9

Notes: Data may not add due to rounding. Food expenditures in this table are only those paid for by consumers with cash or food stamps. Disposable personal income is the sum of personal consumption expenditures plus savings plus other miscellaneous expenditures. ¹As of May 26, 1998. Sources: Food and alcoholic beverage data are from USDA's Economic Research Service. All other data are from the Bureau of Economic Analysis, U.S. Department of Commerce.

Personal Food Spending Posted Modest Increase

Personal food spending shows another perspective on the trend. It differs and behaves differently from total food spending because it excludes expenditures by governments and businesses (such as prisons, military messes, business travel, and entertainment), which are for food away from home.

Personal food expenditures rose 3.8 percent in 1997, while spending on recreation went up 8.6 percent, and medical care and drug expenditures increased 5.9 percent (table 2). Lower fuel prices in 1997 contributed to an increase of only 3.7 percent for personal spending on transportation, cars, and gasoline. Within personal food expenditures, spending for food away from home grew 3.9 percent, compared with a

3.8-percent increase in expenditures for food at home.

In 1997, 10.7 percent of household disposable personal income was spent on food, down from 12.0 percent in 1985. Households spent 6.6 percent of their 1997 disposable personal income for food at home and 4.1 percent on food away from home. (A decade earlier, Americans were spending 7.5 percent of their disposable personal income for food at home and 4.3 percent for food away from home.) In 1997, Americans spent about 26 percent of disposable personal income on housing (including supplies, fuel, and furniture), 16 percent on medical care and drugs, and 11 percent on transportation (including cars and gasoline). ■

Updated Data Available

Newly revised figures will be available from USDA's Economic Research Service twice a year—spring and fall—through the AutoFAX system.

To receive updates by AutoFAX, dial (202) 694-5700 by telephone connected to a FAX machine, respond to the voice prompts, and order document #11530 (a list of all the available data tables can then be requested).

Please note, some fax machines may have a "Hook" or "Manual polling" button or switch that allows the user to respond to the

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